

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6120

Tariff filing of Central Vermont Public Service)
Corporation requesting a 12.9% rate increase, to)
take effect July 27, 1998)

Docket No. 6460

Tariff filing of Central Vermont Public Service)
Corporation requesting a 7.6% rate increase,)
to take effect December 24, 2000)

PREFILED SURREBUTTAL TESTIMONY OF
W. STEVEN LITKOVITZ
ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE

April 20, 2001

Summary: The purpose of Mr. Litkovitz's testimony is to respond to the March 30, 2001, prefiled rebuttal testimonies of Central Vermont Public Service Corporation witnesses Keith Budro and Gregory White and John Lafaso regarding system reliability standards and worker safety standards in the Department's proposed service quality and reliability plan for the Company.

Prefiled Surrebuttal Testimony
of
W. Steven Litkovitz

1 Q. Please state your name and occupation.

2 A. My name is W. Steven Litkovitz. I am an Electrical Engineer for the State of
3 Vermont Department of Public Service (Department).

4 Q. Are you the same W. Steven Litkovitz that prefiled direct testimony on behalf of the
5 Department in this proceeding and whose qualifications are part of that testimony?

6 A. Yes, I am.

7 Q. What is the purpose of your surrebuttal testimony in this case?

8 A. The purpose of my surrebuttal testimony is to respond to the March 30, 2001,
9 prefiled rebuttal testimonies of Central Vermont Public Service Corporation (CVPS or
10 Company) witnesses Keith Budro and Gregory White and John Lafaso regarding system
11 reliability standards and worker safety standards in the Department's proposed service
12 quality and reliability plan (SQRP) for the Company. The SQRP is attached to
13 Department witness Deena Frankel's prefiled direct testimony of March 9, 2001, at
14 Exhibit DPS-DLF-1,

15 **Reliability Standards**

16 Q. In his rebuttal testimony, Mr. Budro states that he does not agree that establishing
17 reliability standards for CVPS is justified. Does the Department have a response?

18 A. Yes. Mr. Budro's testimony in this respect closely mirrors the rebuttal testimony
19 of CVPS witnesses Gregory White and John Lafaso when they argue that the
20 establishment of service quality standards generally is unwarranted. All of the Company's
21 arguments in this respect are addressed in the prefiled direct and surrebuttal testimonies of
22 Department witness Deena Frankel.

1 Q. Please briefly review the Department's proposal with respect to reliability standards.

2 A. The Department proposes that reliability standards be set for the Company that
3 establish a maximum acceptable level of average outage frequency and average outage
4 duration. The indices used to measure outage frequency and outage duration are those
5 specified in Public Service Board (Board) Rule 4.900, i.e., the system average interruption
6 frequency index (SAIFI) and the customer average interruption duration index (CAIDI).
7 Details on the Department's proposed reliability standards can be found in Ms. Frankel's
8 prefiled direct testimony, Exhibit DPS-DLF-1, pages 10 to 11.

9 Q. What numerical standards for SAIFI and CAIDI does the Department propose?

10 A. The Department proposes a SAIFI standard of 2.3 and a CAIDI standard of
11 2.1 hours.

12 Q. How did the Department arrive at these proposed levels for SAIFI and CAIDI?

13 A. The Department examined the performance of CVPS in terms of SAIFI and
14 CAIDI, net of major storms, for the years 1994 through 2000. The Department then
15 chose, as a starting point, the SAIFI and CAIDI indices for the year that showed the worst
16 performance, i.e., 1998. To this level of performance, we considered factors that could
17 either enhance or degrade the expected performance moving forward. These various
18 factors are discussed in my prefiled direct testimony. After considering these factors, we
19 decremented (i.e., sought improvement on) the 1998 SAIFI by 10% and decremented the
20 1998 CAIDI by 5%. This results in the proposed standards of 2.3 for SAIFI and
21 2.1 hours for CAIDI.

22 Q. Do you agree with Mr. Budro that reliability standards for CVPS should be set at the 1998
23 indices *incremented* by 10%?

24 A. No. As I stated in my direct testimony, 1998 represents the lowest level of
25 reliability performance for CVPS over the past seven years. To take this lowest level of
26 performance, make it 10% worse, and call that the standard is unwarranted. As stated by
27 the Board in its Order in Docket No. 5854, it "should set *high* reliability and service

1 quality standards.” (Docket No. 5854, Order of 12/30/96 p. 97; emphasis added.)
2 Mr. Budro’s proposal is not consistent with this mandate. Rather, the Department
3 believes that the standards that it has proposed for SAIFI and CAIDI are appropriate and
4 urge the Board to accept them as part of the SQRP.

5 Q. On pages 17 and 18 of his rebuttal testimony, Mr. Budro presents a lengthy argument
6 comparing 1998 indices with the experience of 2001 to date and concludes that “[i]t is not
7 likely that the goals proposed by the DPS can be met for 2001.” Do you agree with this
8 statement?

9 A. No. According to Mr. Budro’s own numbers, CVPS is in fact meeting the
10 Department’s proposed goal for SAIFI to date, despite the harsh winter conditions
11 experienced in January and February this year. Specifically, Mr. Budro states that CVPS’s
12 SAIFI for the first two months of 2001 is .249. Extrapolated over twelve months, this
13 results in a SAIFI for 2001 of 1.5 which easily would meet the Department’s proposed
14 standard of 2.3. With regard to CAIDI, one could reasonably expect that outage repairs
15 would take longer in winter conditions than on average over the course of an entire year.
16 I believe that it is too early to make conclusions on CVPS’s inability to meet a proposed
17 CAIDI standard after only two months, possibly the harshest weather months, have gone
18 by.

19
20 **Safety Standards**

21 Q. In their rebuttal testimony, do CVPS witnesses Gregory White and John Lafaso (White
22 and Lafaso) agree with the Department that Incident Rate and Severity Rate are
23 appropriate indices for measuring the safety performance of the Company?

24 A. Yes, they do.

25 Q. Do White and Lafaso agree with the Department that setting the Incident Rate and

1 Severity Rate standards for the Company at the five-year Electric Counsel of New
2 England (ECNE) companies' average for Incident Rate and Severity Rate is appropriate?

3 A. In part, yes. White and Lafaso agree that the ECNE five-year averages proposed
4 by the Department are appropriate as a longer term standard, but that in the near term an
5 incremental approach should be used to set the standards.

6 Q. Do White and Lafaso propose a specific numerical level for Incident Rate and Severity
7 Rate reflecting their proposed incremental approach?

8 A. No. On page 23 of their rebuttal testimony, White and Lafaso describe a method
9 by which such numbers presumably would be derived. However, quite curiously, they do
10 not follow this explanation with the specific standards that would result from the use of
11 this method.

12 Q. Do you understand the method proposed by White and Lafaso for setting Incident Rate
13 and Severity Rate standards for the near term?

14 A. No.

15 Q. Did you seek clarification?

16 A. Yes. I spoke with Mr. White by telephone in an attempt to better understand
17 CVPS's proposal. Mr. White indicated to me that he would forward an illustration that
18 better explains the Company's proposal.

19 Q. Did you ever receive this illustration?

20 A. No.

21 Q. Do you have any comments on CVPS's proposal for setting Incident Rate and Severity
22 Rate standards for the near term?

23 A. No. I am unable to comment on a proposal that I do not understand. Given the
24 information provided on Incident Rate and Severity Rate in my direct testimony and the
25 lack of evidence on a possible counter methodology by the Company, using the standards

1 put forth by the Department in the proposed SQRP is reasonable and warranted.

2 Q. What recommendations can you provide to the Board on setting safety standards?

3 A. Given the evidence before the Board in this case, I would urge the Board to accept
4 the safety standards proposed by the Department as described above and provided, in
5 detail, in Department witness Deena Frankel's prefiled direct testimony,
6 Exhibit DPS-DLF-1, page 10.

7 Q. Does this complete your surrebuttal testimony?

8 A. Yes.